UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CORNERSTONE MACRO, LLC, Plaintiff, v. JORDAN KOTICK and JOHN DOES I and II, Defendants.	Docket No. 17 Civ. 3548 (ECF Case) **COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF** **JURY TRIAL DEMANDED**

Plaintiff Cornerstone Macro, LLC, ("Cornerstone") by and through its attorneys, Liddle & Robinson, L.L.P., alleges as follows:

NATURE OF THE ACTION

1. This is an action to stop Jordan Kotick from violating Cornerstone Macro, LLC's copyright, property, and contractual rights by obtaining Cornerstone's confidential, copyrighted research reports without authorization and distributing the reports to other individuals and entities that are not authorized to have them.

2. Defendant Kotick has no legitimate means of accessing Cornerstone's copyrighted materials and is not authorized to access or use them in any way, much less distribute them to others. Yet he has done so.

3. Cornerstone seeks damages from Defendant Kotick's unlawful activities, as well as an injunction.

JURISDICTION AND VENUE

4. The Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. §§ 1331, 1332, 1338 and 1367. The amount at issue exceeds $75,000.

5. Venue is proper pursuant to 28 U.S.C. §§ 1391(b)(2) or (3).

PARTIES

6. Plaintiff Cornerstone Macro, LLC is a New York limited liability company with its principal place of business in New York, New York. Cornerstone is primarily an equity research company which provides economic, policy, and strategy research to institutional investors.

7. Upon information and belief, Defendant Jordan Kotick is an individual residing in Oakville, Ontario, Canada. Defendant Kotick was previously registered with the Financial Industry Regulatory Authority and worked in the research department of Barclays Capital PLC ("Barclays") in New York City from 2004 to 2014. His last position at Barclays was Managing Director for macro analysis and developing trading ideas.

8. The true identities of Defendants John Does I and II are not known at this time. They are individuals that accessed Cornerstone's confidential information and disclosed that information to Defendant Kotick, either directly or indirectly, for him to distribute.

THE FACTS

9. Cornerstone provides economic, policy, and strategy research to institutional investors.

10. As such, Cornerstone creates research materials which it sells and distributes confidentially to its clients.

11. Cornerstone's equity research is the product of the substantial efforts, skill, and judgment of its analysts.

12. Cornerstone's reports constitute proprietary and economically-valuable analysis presented in a manner that is intended to inform its clients' investment decisions.

13. Cornerstone's clients pay Cornerstone to access Cornerstone's confidential information. As such, the high quality and limited dissemination of Cornerstone's equity research is vital to its business model.

14. On January 3, 2017, Cornerstone distributed a report to its authorized customers entitled "2017 Outlook: The Year of Disappointments."

15. Defendant Kotick, without authorization, obtained a copy of the January 3, 2017 report.

16. On January 4, 2017, Defendant Kotick emailed a pdf file of the document to others who were not authorized to have the document.

17. Those others further distributed the report. While Cornerstone's investigation is still ongoing, it has, thus far, identified more than 100 individuals that illegally obtained the January 3, 2017 report as a result of Defendant Kotick's distribution of the report. Upon information and belief, discovery will reveal the hundreds of individuals who ultimately and illegally received the report.

18. In its original form, the January 3, 2017 report, like all Cornerstone reports, contained the legend, "This report is prepared exclusively for the use of Cornerstone Macro clients and may not be redistributed, retransmitted or disclosed, in whole or part, or in any form or manner, without the express written consent of Cornerstone Macro."

19. The legend appears on the report which Defendant Kotick both received and distributed to others. Accordingly, there can be no claim of mistake by Defendant Kotick that he was not authorized to receive and distribute the report.

20. Cornerstone has taken additional security measures to maintain the confidentiality of its reports including by creating a website which requires a user id and password—specific to

each authorized individual—to access the information and by placing security information on its reports to identify each specific individual who received each specific version of the report. Those security features had been removed from the version distributed by Defendant Kotick.

21. Defendant Kotick could not have acted alone—he cannot legitimately access Cornerstone's confidential materials.

22. Individuals, sued herein as John Does I and II, affiliated with Cornerstone's clients, accessed Cornerstone's materials and then unlawfully passed that information on to Defendant Kotick, either directly or through intermediaries.

23. Defendant Kotick's dissemination of Cornerstone's confidential materials reduces the value of Cornerstone's research to its clients. The wide dissemination of Cornerstone's materials impairs the client's ability to act upon the research. Also, the client is disincentivized to pay for information that others can obtain for free.

FIRST CAUSE OF ACTION
(COPYRIGHT INFRINGEMENT AGAINST ALL DEFENDANTS)

24. Plaintiff repeats and realleges each allegation above as if set forth herein.

25. Cornerstone's confidential materials, and the rendering of ideas and elements therein, constitutes copyrightable expression protected by the federal Copyright Act, 17 U.S.C. § 101 *et seq.*

26. Cornerstone registered the materials at issue here with the U.S. Copyright Office on January 24, 2017.

27. Defendants' unauthorized access to and distribution of Cornerstone's copyrighted materials constitutes copyright infringement in violation of the copyright owner's exclusive rights of reproduction, distribution and display under 17 U.S.C. §§ 106(1), (3), and (5).

28. Defendants' copyright infringements are willful. They knew that the information was confidential and that it was not intended to be shared with individuals who were not authorized by Cornerstone to have the materials.

29. Plaintiff is entitled to and seeks a permanent injunction to restrain and prevent Defendants' copyright infringements pursuant to 17 U.S.C. § 502.

30. Plaintiff is also entitled to recover actual damages to Plaintiff and Defendants' profits from Defendants' copyright infringement, in amounts to be proven at trial, or statutory damages up to $150,000 per work infringed pursuant to 17 U.S.C. § 504. Cornerstone's damages include the value of the report(s) distributed by Defendant Kotick multiplied by the number of unauthorized persons who reviewed the report(s), either directly or indirectly, as a consequence of Defendants' actions.

31. Plaintiff is further entitled to its costs and reasonable attorneys' fees in pursuing this action pursuant to 17 U.S.C. § 505.

32. Plaintiff has been and will continue to be damaged as a direct and proximate result of Defendants' acts of infringement, including, but not limited to, lost revenues and profits, damaged relations with existing and prospective business partners, and continuing loss of value of its copyright interests in the confidential materials. These damages are irreparable. Plaintiff has no adequate money damages remedy, and such conduct will continue to cause irreparable harm unless restrained by the Court by the issuance of an injunction.

SECOND CAUSE OF ACTION
(MISAPPROPRIATION AGAINST ALL DEFENDANTS)

33. Plaintiff repeats and realleges each allegation above as if set forth herein.

34. Defendants' method of obtaining and distributing Cornerstone's confidential materials constitutes misappropriation of those materials.

35. Cornerstone generates the materials at issue at considerable cost and expense.

36. The value of Cornerstone's materials is, in part, based on the confidentiality of the information.

37. Cornerstone has taken measures to maintain the confidentiality of the information including by creating a website which requires a user id and password—specific to each authorized individual—to access the information and having each version of the report identify its intended recipient.

38. Cornerstone also included the legend "This report is prepared exclusively for the use of Cornerstone Macro clients and may not be redistributed, retransmitted or disclosed, in whole or part, or in any form or manner, without the express written consent of Cornerstone Macro" on all reports it creates, whether distributed by email or on the website.

39. Furthermore, Cornerstone requires that its employees agree to non-disclosure clauses requiring that they maintain the confidentiality of Cornerstone's proprietary information.

40. Defendants' conduct has damaged Cornerstone while unjustly enriching Defendants in amounts to be proven at trial.

41. Plaintiff is entitled to injunctive relief, damages, and any other remedies available under New York law.

THIRD CAUSE OF ACTION
(CONVERSION AGAINST ALL DEFENDANTS)

42. Plaintiff repeats and realleges each allegation above as if set forth herein.

43. Plaintiff developed and is the owner of the confidential information unlawfully distributed by Defendants.

44. Cornerstone generates the materials at issue at considerable cost and expense.

45. The value of Cornerstone's materials is, in part, based on the confidentiality of the information.

46. Defendants converted Plaintiff's confidential information for their own use, including by distributing the information to others.

47. As a result of Defendants' conversion, Plaintiff has suffered damages due to the loss of value of its confidential information in an amount to be proven at trial.

FOURTH CAUSE OF ACTION
(BREACH OF CONTRACT AGAINST DEFENDANTS JOHN DOES I AND II)

48. Plaintiff repeats and realleges each allegation above as if set forth herein.

49. Cornerstone's confidentiality policies constitute contracts with the persons and entities Cornerstone permits to access its confidential information. Cornerstone has created a website which requires a user id and password—specific to each authorized individual—to access the information.

50. Cornerstone also includes the legend "This report is prepared exclusively for the use of Cornerstone Macro clients and may not be redistributed, retransmitted or disclosed, in whole or part, or in any form or manner, without the express written consent of Cornerstone Macro" on all reports it creates, whether distributed by email or on the website.

51. In addition, Cornerstone requires that its employees agree to non-disclosure clauses requiring that they maintain the confidentiality of Cornerstone's proprietary information.

52. Defendants breached the confidentiality contracts by distributing the information to Defendant Kotick and possibly others.

53. This breach of contract damaged Cornerstone by reducing the value of its confidential information.

54. Plaintiff is entitled to injunctive relief and the damage it suffered in an amount to be proven at trial.

FIFTH CAUSE OF ACTION
(TORTIOUS INTERENCE WITH CONTRACTUAL AND ECONOMIC RELATIONS AGAINST ALL DEFENDANTS)

55. Plaintiff repeats and realleges each allegation above as if set forth herein.

56. Cornerstone's confidentiality policies constitute contracts with the persons and entities Cornerstone permits to access its confidential information. Cornerstone has created a website which requires a user id and password—specific to each authorized individual—to access the information.

57. Cornerstone also includes the legend "This report is prepared exclusively for the use of Cornerstone Macro clients and may not be redistributed, retransmitted or disclosed, in whole or part, or in any form or manner, without the express written consent of Cornerstone Macro" on all reports it creates, whether distributed by email or on the website.

58. In addition, Cornerstone requires that its employees agree to non-disclosure clauses requiring that they maintain the confidentiality of Cornerstone's proprietary information.

59. Defendants breached these confidentiality contracts by distributing the information to others.

60. Defendant Kotick induced others to breach the confidentiality contracts with Plaintiff by providing Cornerstone's confidential information to him.

61. Defendants tortiously interfered with Plaintiff's contractual and economic relations by obtaining and distributing Cornerstone's confidential information.

62. Defendants' inducement to breach the confidentiality contract and interference with Plaintiff's contractual and economic relations damaged Cornerstone by reducing the value of Plaintiff's confidential information.

63. Plaintiff is entitled to injunctive relief and the damage it suffered in an amount to be proven at trial.

SIXTH CAUSE OF ACTION
(VIOLATION OF THE DEFEND TRADE SECRETS ACT, 18 U.S.C. § 1831, *et seq.*, AGAINST ALL DEFENDANTS)

64. Plaintiff repeats and realleges each allegation above as if set forth herein.

65. Cornerstone operates its business and sells its products in interstate commerce, selling its reports to clients throughout the United States.

66. Cornerstone's research reports are trade secrets as defined under the Defend Trade Secrets Act, 18 U.S.C. § 1836(b).

67. Cornerstone's research reports contain confidential and proprietary information that it has taken substantial steps to protect, and Cornerstone derives actual and potential independent economic value from the fact that its research reports are not publicly available and from the fact that a client must pay Cornerstone to receive them.

68. Defendants have willfully and maliciously engaged in various acts of misappropriation regarding Cornerstone's trade secrets, including by obtaining them without authorization and distributing them to other unauthorized recipients.

69. As a result of Defendants' improper misappropriation and disclosure of Cornerstone's trade secrets, Defendants have violated the Defend Trade Secrets Act.

70. As a direct and proximate result of Defendants' violations of the Defend Trade Secrets Act, Cornerstone is entitled to full compensatory and consequential damages, or a reasonable royalty, as well as attorneys' fees, costs, and expenses.

71. Because Defendants' Defend Trade Secrets Act violations have been willful and malicious, Cornerstone is entitled to exemplary damages of twice the amount of damages for any actual loss and any unjust enrichment.

72. Defendants' Defend Trade Secrets Act violations have caused and will continue to cause Cornerstone irreparable harm that is not adequately remedied at law and that requires injunctive relief.

WHEREFORE, Plaintiff prays for the following relief:

A. That the Court enter judgment in favor of Plaintiff against Defendants;

B. That the Court enter a declaratory judgment that Defendants have committed copyright infringement with respect to Plaintiff's confidential information;

C. That Defendants, and all persons in active concert or participation with them, be restrained and enjoined from misappropriating, disclosing, or using Plaintiff's confidential information and from infringing Plaintiff's copyright interests;

D. That Plaintiff recover compensatory damages for Defendants' wrongdoing in an amount to be established at trial, or a reasonable royalty, together with pre-judgment and post-judgment interest thereon;

E. That Plaintiff recover consequential damages for Defendants' wrongdoing in an amount to be established at trial, or a reasonable royalty, together with pre-judgment and post-judgment interest thereon;

F. That Plaintiff recover its proven damages or statutory damages pursuant to 17 U.S.C. §§ 504 and 505 and other applicable laws;

G. That Plaintiff recover an award of punitive and other appropriate exemplary damages, disgorgement, restitution, and pre-judgment and post-judgment interest;

H. That Plaintiff recover attorneys' fees and the costs of the suit herein; and

I. All such other and further relief as this Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury of all issues so triable.

Dated: May 11, 2017
New York, New York

Respectfully submitted,

LIDDLE & ROBINSON, L.L.P.

By: ____________________
Blaine H. Bortnick
James W. Halter
800 Third Avenue, 8th Floor
New York, New York 10022
Telephone: (212) 687-8500

Attorneys for Cornerstone Macro, LLC